



ALERTS

16 Key Provisions Of The \$900 Billion Stimulus Package

January 8, 2021

Highlights

A fourth federal COVID stimulus package, totaling \$900 billion was signed into law on Dec. 27, 2020

The package, also known as the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, extends many relief programs from the CARES Act

Relief funding is available to individuals, businesses, banks, healthcare providers, tribal governments, transportation, infrastructure, and more

For businesses, communities and individuals, the \$900 billion stimulus package signed into law carries more than just the weight of its 5,000 pages.

The stimulus package – referred to as the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – extends a number of CARES Act pandemic relief programs, creates several new programs and makes technical corrections to resolve ambiguities and implementation difficulties discovered after the passage of the CARES Act.

The package was included in the year-end appropriations bill and signed

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by President Trump on Dec. 27, 2020. In addition to COVID-related and program-specific allocations, it extends funding on previously appropriated money to Dec. 31, 2021, with no additional flexibility for funds after that date.

Here is an overview of 16 key components of the stimulus package.

PPP Program

- Extended for businesses that did not apply previously and for those needing a second round of funding
- Extended to nonprofits (501(c)(6)), media organizations and housing co-ops
- Funding runs through March 31, 2021 or until funds are depleted
- Maximum loan amount is \$2 million for a first-time borrower
- Second-round borrowers must have less than 300 employees, coupled with a 25 percent reduction in gross receipts during at least one quarter of 2020 as compared to 2019
- 60 percent of the funds must be used for payroll to be forgivable, but the remaining 40 percent can now include necessities such as supplier costs for essential goods and PPE/protective equipment, as well as enhancements like Plexiglas barriers, property damage from riots or protests, and certain other operating expenses like business software/computing, and the like
- PPP loans are not taxable, and as such this bill retroactively limits the ability of IRS to eliminate deductions for business expenses covered by a PPP loan

Employee Retention Tax Credit (ERTC)

- Maximum of \$14,000 per employee through June 30, 2021
- May now be used by businesses that also received a PPP loan (whereas the original CARES Act did not permit this)

Economic Injury Disaster Loan

- \$20 billion has been allocated to this program
- Issuing \$10,000 grants that do have to be repaid
- Eligibility requires a 30 percent reduction in revenue over an eight-week period, or businesses that operate in designated low-income areas
- Can be used along with PPP loan program without affecting forgiveness of PPP loan

Live Venues and Entertainment

- \$15 billion allocated to this program; it will likely be exhausted rapidly



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- Grant program with a \$10 million cap
- Venue has to demonstrate a significant loss in revenue during the COVID-19 pandemic in 2020
- Businesses that have received or plan to apply for PPP loan are not eligible for this program

“Main Street” Loan program

- Officially terminated on December 31, 2020 with no extension. Originally \$500 billion was allocated to Treasury Department for emergency lending facilities in the CARES Act, to be part of larger loans to support entities with large economic footprints which was terminated on Dec. 31, 2020
- Of the original \$500 billion allocated for large loans to support entities with significant economic footprints, the remaining \$429 billion in the program is required to be repurposed by Treasury
- Requires Congressional approval to restart the program

Agriculture

- \$13 billion allocated to support agricultural producers, growers, processors, crops, dairy, livestock, poultry and other businesses
- Supplemental assistance to price trigger crops and flat rate crops of \$20 per acre
- Provides assistance to producers for losses incurred by lack of access to processing facilities during pandemic
- Includes \$1 billion to contract growers of livestock and poultry; \$200 million to timber harvesting and hauling; \$100 million for Specialty Crop Block Grants; \$100 million for the Local Agriculture Marketing Program; and other programs

Nutrition

- Temporary increase in SNAP monthly benefits, for six months
- Suspends work requirements for SNAP-eligible college students while work-study programs may not be operating
- \$614 million to Puerto Rico, American Samoa and Commonwealth of the Northern Mariana Islands for nutrition grants
- \$400 million for The Emergency Food Assistance Program (TEFAP)
- Addresses “Pandemic EBT” to cover children under 6 years old where schools or day cares have been closed
- Partial reimbursement for schools (55 percent) for costs incurred during emergency closures in spring 2020
- \$175 million for Meals on Wheels program

Health and Physicians

- \$3 billion allocated to increase payments under the Medicare Physician Fee Schedule, boosting payments for all services by 3.75 percent
- Temporary suspension of Medicare Sequestration, which was originally set to expire on Dec. 1, 2020, and increases payments to all providers by 2 percent for the first quarter of 2021

Job Corps

- Requires drug testing for enrollees on-site or returning after distance learning
- Extends age qualifications so that enrollees who were disrupted during the pandemic can continue receiving Job Corps training

Unemployment

- Allocates an estimated \$120 billion to unemployment relief measures
- Provides for a \$300 per week federal supplement to unemployment through March 14, 2021
- Extends pandemic unemployment assistance and pandemic emergency unemployment compensation to March 14, 2021, and provides for a phase-out extending to April 5, 2021
- Extends the number of weeks of eligibility
- Adds program integrity and anti-fraud provisions

Individual Stimulus, Tax Relief

- Allows for a refundable tax credit of \$600 per eligible individual (qualifying taxpayer and qualifying child). Credit begins phasing out at \$75,000 adjusted gross income (\$112,500 for heads of household and \$150,000 for married filing jointly taxpayers).
- Extends certain deferred payroll taxes (optional) originally ending on Dec. 31, 2020, now extends deferral period to April 31, 2021, with repayment period ending on Dec. 31, 2021.
- Clarification of tax treatment of PPP loans, loan forgiveness and other relief measures
- Extends credits for Families First Coronavirus Response Act through March 31, 2021, and makes that extension retroactive to original FFCRA passage

Emergency Rental Assistance

- \$25 billion allocated to assist renters affected by the pandemic, with \$800 million reserved for tribal designated housing, \$400 million reserved for U.S. territories, and each state, including the District of Columbia, guaranteed \$200 million

- 90 percent of funds must be used for direct financial assistance including rent, rental arrears, utilities and home energy, and other costs related to housing
- Eligible households may receive up to 12 months of assistance, with a possible three-month extension to provide housing stability
- Grantees are prioritized if they are at or below 50 percent of the area median income or where one of the household members has been unemployed for 90 days or longer
- Eviction moratorium is extended to Jan. 31, 2021

Community Development Investment

- Provides \$12 billion to support the Emergency Capital Investment Program and Community Development Financial Institutions fund
- \$9 billion is allocated to direct and indirect capital investments in low- and moderate-income financial institutions to further support lending and investment activity in low- and moderate-income and minority communities
- Reserves the remaining \$3 billion to be available until Sept. 30, 2021, to support, prepare, and respond to the economic impact of the pandemic

Transportation, Commerce and Infrastructure

- Allocates \$27 billion for airports, highways, railroads, and transit authorities
- Extends and provides \$16 billion for the Aviation Workers Payroll Support Program from the CARES Act
- \$7 billion designated to extend telehealth programs, broadband access, and consumer protection activities

Labor and Health

- A total of \$73 billion for support of Health and Human Services and Labor agencies
- Directs \$8.75 billion to the Centers for Disease Control (CDC) for vaccinations
- Directs \$1.25 billion to the NIH for further study of COVID-19, clinical trials and other long-term studies
- Provides \$4.25 billion to the Substance Abuse and Mental Health Services Administration
- The Administration for Children and Families is allocated \$10.25 billion primarily for Child Care and Development block grants and Head Start programs
- \$48.345 billion allocated to the Public Health and Social Services Emergency Fund for contact tracing, surveillance, the Strategic National Stockpile, Provider Relief and Biomedical Advanced

Research and Development Authority (BARDA) research into vaccine, therapeutics and diagnostic development

Education

- \$82 billion provided to the Education Stabilization Fund
- For the purpose of further assisting Indian Education and outlying areas (\$819 million), Governors Emergency Relief Fund (\$4.1 billion), Elementary and Secondary School Emergency Relief (\$54.3 billion), and Higher Education Emergency Relief (\$22.7 billion)

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